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SIPDIS

SIPDIS, SENSITIVE

STATE FOR SCA/FO (DAS GASTRIGHT), SCA/A, S/CRS, SCA/PB,
S/CT, EUR/RPM
STATE PASS TO USAID FOR AID A-AA/ANE MARK WARD, CDHA/DG, NSC
FOR AHARRIMAN
OSD FOR BREZINSKI
CENTCOM FOR CG CFC-A, CG CJTF-76, POLAD

E.O. 12958: N/A

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SUBJECT: DEMARCHE REQUEST FOR JAPANESE RING ROAD

¶1. (SBU) Summary and Action Request: Representatives of Embassy Economic Section, CFC-A, USAID/Afghanistan, and U.S. Army Corps of Engineers Afghanistan Engineering District (AED) have held several recent meetings with the Japanese Embassy to discuss the status of suspended work on their 114-kilometer section of the ring road. The Japanese report that work is about to resume on Phase A of this stretch; due to security-related cost overruns, however, they are seeking additional funding to allow completion of Phase B. Embassy requests that Washington demarche the GOJ at a high level to ensure adequate and timely funding to complete the project. The Japanese stressed that they have legal constraints against contracting with a foreign military to perform the work. End Summary.

¶2. (U) Representatives of Embassy Economic Section, CFC-A, USAID/Afghanistan, and U.S. Army Corps of Engineers Afghanistan Engineering District (AED) have held several recent meetings with the Japanese Embassy to discuss the status of suspended work on the 114-kilometer section of the ring road that Japan is funding from KH Sec 2 - KH Sec 116. This stretch is the only section of the ring road between Kabul and Herat that has experienced serious delays; the section funded by Saudi Arabia will be completed this year. [Background: the company previously contracted by Japan to build this road abandoned work - without having actually improved any part of the road - for security reasons in April 2005. The road therefore remains in extremely poor condition, passable only with difficulty and very slow travel times.]

¶3. (SBU) CFC-A, USAID, and AED met Sunday August 20 with the Japanese DCM and Economic Cooperation Officer. The Japanese thanked us for clarifying a previous offer of USG support and requested detailed information on what AED and USAID could do "informally." AED gave the Japanese DCM a sheet of suggested advisory technical services that AED could supply on a pro bono basis. These included:

- a) Advice and consultation (no cost) to the Government of Japan during the different stages of the project.
- b) Prior to issuing a contract tender, AED could advise on the standard and special contract stipulations that are applicable to construction in the region.
- c) During tendering of the contract, AED is available to provide advice regarding procurement methods in Afghanistan and specifically in the region of the Ring Road.
- d) During evaluation and negotiations, AED could provide unit cost information regarding materials, supplies, and labor.
- e) After contract award, AED could offer advice on the initial coordination that should occur with the local villages, local sub-contractors, local Afghan Police and Army, and with the regional U.S., Coalition and ISAF forces.

AED is preparing a letter for signature by Commanding General Eikenberry to cover a white paper that contains more detailed information to assist the Japanese in defining contract terms that will expedite the process and enable road work to get underway soonest.

14. (SBU) The group then discussed the status of Japan's effort to find a new contractor for this roadwork. Through a competitive procurement, Japan has selected an Indian firm (one with which USAID has worked successfully) to do as much of the 114 kilometers as possible. Unfortunately, security concerns have significantly increased the cost of this road from the original estimate of 62 million dollars. For

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approximately this amount, the proposed contractor now estimates that it can complete only half the length of the road. Accordingly, the Japanese have divided their portion of the road into Phase A and Phase B. Phase A covers approximately half the total number of kilometers and will include the portions of the road that are four-lane (those closest to Kandahar City). They intend to proceed with Phase A now; indeed, they believe that bringing U.S. expertise to bear on the contracting for Phase A would actually slow them down. Their best guess is that the contracting process will be complete by late September, and that roadwork will resume on Phase A, in October. The Japanese Embassy has asked Tokyo to provide the remaining funds required to allow them to complete Phase B.

15. (SBU) In a dinner hosted August 22 for the USAID Mission Director, Econ Counselor, and the head of USAID's Infrastructure Office, the Japanese DCM spoke frankly and colloquially about the need for U.S. support for his Embassy's request that Tokyo provide the additional funding needed to complete Phase B and to do this in a timely manner. He did not provide a cost estimate, but Post assumes that it will be a lower cost than Phase A.

16. (SBU) Comment: The Japanese here understand the urgency of completing the road. They also know that, now that work has resumed on the Saudi-financed portion of the Ring Road (KH Sec 116 - Sec 231), they are the odd man out. In Post's opinion, an appropriately high-level demarche to Tokyo might prove very helpful in convincing the Japanese Ministries of Foreign Affairs and Finance to support their Kabul Embassy's request for additional funding. One point, however, emerged very clearly from the conversations described above: while the Japanese Embassy welcomes the offer of pro bono AED advisory assistance, they stressed that the U.S. military cannot be used to actually carry out the Japanese project.

17. (U) Action request: Embassy recommends the suggested demarche to Tokyo be delivered at a high level and as soon as possible.

